GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

STARRED QUESTION NO:172
ANSWERED ON:25.07.2002
PRODUCTION CAPACITY OF PUBLIC SECTOR ENTERPRISES
SHIVAJI MANE;VIJAY KUMAR KHANDELWAL

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the losses in Public Sector Enterprises have increased during the past few years due to decline in production;

(b) if so, the facts thereof; and

(c) the effective steps taken by the Government to improve the production capacity of Public Sector Enterprise units so as to bring down their losses?

Answer

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI BALASAHEB VIKHE PATIL)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO. 172 FOR 25.7.2002 REGARDING PRODUCTION CAP OF PUBLIC SECTOR ENTERPRISES

(a) & (b): Manufacturing CPSUs as a group, have recorded net profit of Rs. 8723 crore, Rs. 8978 crore and Rs. 9865 crore during 1998-99, 1999-2000 and 2000-2001 respectively. Although, the total loss of loss making manufacturing CPSUs has gone up during the corresponding period of three years, being Rs. 8336 crore, Rs. 9688 crore and Rs. 11724 crore respectively, the profits of profit making CPSUs have been higher in these three years resulting in the above mentioned net profit figures.Reasons for the decline of production of different CPSUs vary. These include inherited problems of taken over CPSUs, outdated technology, resource crunch, surplus manpower, economic recession, high input cost, low capacity utilization, management problems etc.

(c): Government has been taking a series of steps to improve the production and profitability and reduce losses. Enterprise specific steps are taken by the administrative Ministries/Departments/Management for performance improvement. Important steps taken include better corporate governance, induction of strategic partner, improvement in work culture, more autonomy to PSUs through the system of Memorandum of Understanding and Navratna/Miniratna scheme, professionalization of Board of Directors, business & financial restructuring, reduction of surplus manpower through Voluntary Retirement Scheme, cost control measures, emphasis on exports, reference of sick industrial companies to Board of Industrial & Financial Reconstruction and adoption of the policy of resorting to closure of unviable units as a last resort while protecting the due interest of workers through the scheme of Voluntary Retirement Scheme, Voluntary Separation Scheme and Counselling, Retraining and Redeployment.